CREATING TOMORROW
A VISION OF ALBERTA'S AGRICULTURE AND FOOD INDUSTRY

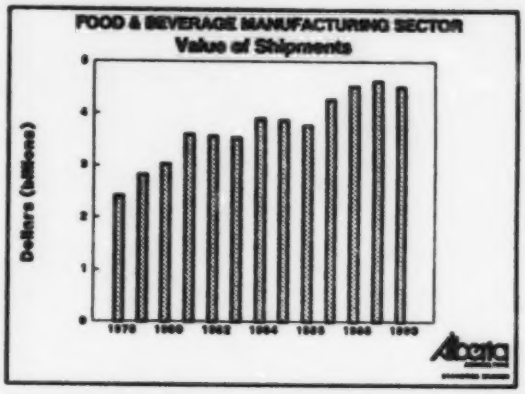
BACKGROUNDER

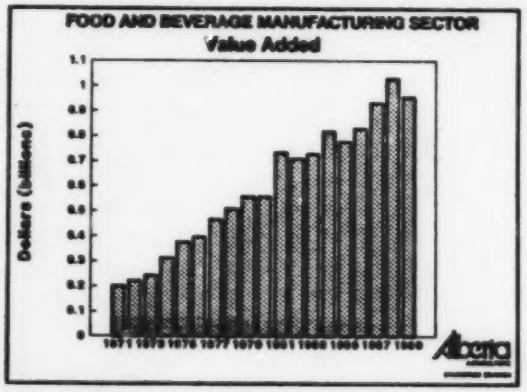
"Creating Tomorrow" envisions more food and beverage processing in the province, increased farm cash receipts and high employment and income in the agriculture and food industry. At the same time, it foresees a well-managed environment to ensure ongoing productivity in the primary sector.

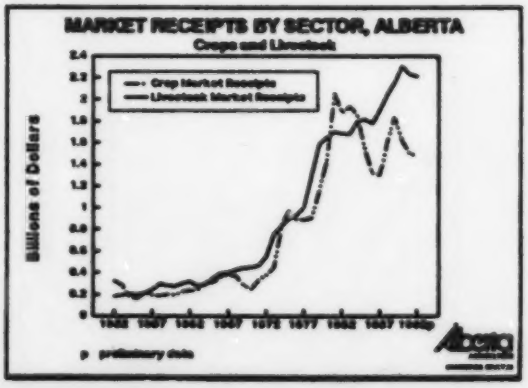
The agriculture and food industry is an important part of the provincial economy. In 1992, the value of food and beverage manufacturing shipments are expected to exceed $4.5 billion. Alberta businesses should add approximately $1 billion of value to agricultural commodities, the majority of which will be purchased within the province.

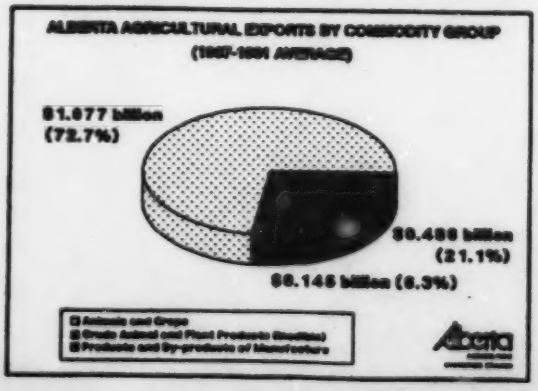
In 1992, Alberta's total farm cash receipts are projected to reach $4.5 billion. Cattle and calves, wheat, canola, milk and cream, barley and hogs are the major contributors to primary agricultures farm cash receipts. In recent years, the primary sector has faced serious setbacks due to reductions in the prices of grains. In response, the government has introduced new safety net programs which have bolstered producer revenues.

The industry in Alberta is export dependent. Over the period 1987 to 1991, the average annual value of exports was $1.7 billion. Livestock and crops composed 73% of exports; crude and refined animal and plant products, 27%.



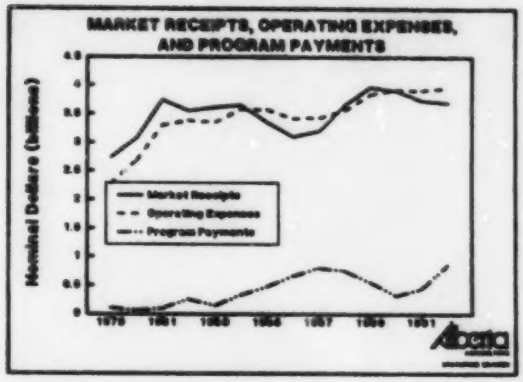


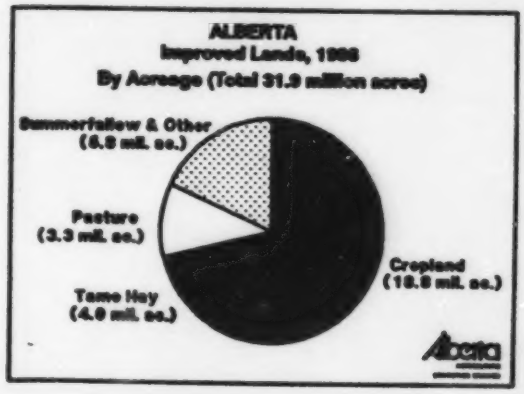




Total farm operating expenses in 1991 amounted to $3.3 billion. The food and agriculture industry is serviced by transportation and handling, machinery, energy, fertilizer, financial and insurance businesses. Likewise, the food and beverage manufacturing industry also relies on a broad spectrum of services, thus generating significant activity throughout the economy. The agriculture and food industry directly employs approximately 125,000 Albertans.

The primary sector owns or leases an abundant land base. Total improved (arable) lands have expanded from 28.5 million acres in 1971 to 31.9 million acres in 1986. Over the same period, the acreage producing crops, tame hay and pasture has grown while summerfallow and other uses have declined. These trends in land use are consistent with soil conservation and environmental enhancement objectives.





Preface

Usually, success doesn't just happen. Through focussed planning and a great deal of hard work, success is often determined by individuals, businesses, governments, organizations, communities, and other groups.

One way a successful future can be created is through strategic planning. Strategic planning is a process in which individuals or a group of people envision their preferred future and then plan how to get there. Strategic planning is a broad-based, conceptual method of tackling long-term, critical issues.

The strategic planning process consists of four steps. The first step is to create a vision, a "picture" of the desired future. Consideration of economic, social and political trends, as well as current strengths and weaknesses, temper the vision with reality. Once a vision is agreed upon by those who will work toward it and by those who will be affected by it, work can proceed on the other three steps: the setting of goals (**what** needs to be achieved to realize the vision), the creation of strategies (**how** to attain the goals), and the establishment of action plans (**who** will implement each strategy and **when** it will be implemented).

The following document makes up the first two steps of a strategic planning process for Alberta's agriculture and food industry — a vision and goals.

May 1992

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Why Have an Industry Vision?

Since its beginning, the agriculture and food industry in Alberta has been a cornerstone of the province's economy. In recent years, factors such as surplus production in developed nations, increasing self-sufficiency in developing countries, and declining performance in the global economy have affected the industry's ability to grow and develop. This situation provides an impetus for the creation of positive change.

In February 1992, Alberta Agriculture's Strategic Management Committee invited a cross-section of agriculture and food organizations* to work on creating an industry vision. The purpose of the exercize is to provide both the government and the industry with:

- ***clearer directions in planning and policy making, and***
- ***increased capacities to manage change.***

In their visioning process, the Industry Advisory Group and the Strategic Management Committee examined local, national and international trends which are affecting Alberta's agriculture and food industry, and they assessed the industry's strengths and weaknesses.** After sharing and consolidating their views of a desirable future, the working group identified goals that would need to be reached to make their vision a reality.

The group considers their efforts a beginning rather than an end. Only through review by and comment from all interested stakeholders can a truly shared vision be developed. Therefore, this document is for all to read, contemplate and discuss. Is anything missing in the vision? Is it the right vision for Alberta's agriculture and food industry? Is it the right vision for other stakeholders? And, if it is right, are the goals on target? Readers are invited to respond by writing to the Planning Secretariat, Alberta Agriculture, or by participating in public meetings scheduled for this summer. More information is provided in the section entitled "The Last Word is Yours."

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* See Appendix A for a list of participants.

** See Appendix B for a summary of trends, strengths and weaknesses.

Looking At Tomorrow: A Suggested Vision

SUGGESTED VISION:

THE AGRICULTURE AND FOOD INDUSTRY IN ALBERTA WILL BE A LEADING SUPPLIER OF THE WORLD'S FOOD PRODUCTS AND AGRICULTURAL COMMODITIES, SERVICES AND TECHNOLOGIES.

THE INDUSTRY WILL BE SELF-RELIANT, GLOBALLY COMPETITIVE AND ENVIRONMENTALLY SUSTAINABLE.

Within the next fifteen years, Alberta's agriculture and food industry will solidify its position among major suppliers of the world's food products and agricultural commodities, services, and technologies. By offering high quality goods and services at competitive prices, the industry will capture market share and profit. The industry will balance its drive to be competitive with a desire to sustain the natural environment within which it operates.

Keys to Competitiveness

Competitiveness in the global marketplace is central to gaining market share and profit. The agriculture and food industry's ability to compete will depend upon:

- ***a focus on customer satisfaction***
- ***a dynamic processing sector***
- ***a strong primary agriculture sector***
- ***a well-managed environment***
- ***an efficient transportation system***
- ***an aggressive pursuit of knowledge and skills***
- ***a consensus on business standards***
- ***an emphasis on effective communication***
- ***an effective partnership with governments***

A Focus on Customer Satisfaction

Customer satisfaction will drive the industry. Decisions on what products, commodities, services and technologies to produce will be based on evolving customer requirements. At each link along Alberta's food chain, that is, where suppliers and customers meet, decisions on what to supply or develop will focus on the end users' needs and desires.

A Dynamic Processing Sector

Within fifteen years, value will be added to most of Alberta's agricultural commodities. Food product development will be based on the kitchens of the future rather than of the present. The processing sector will also devise sought-after services and technologies, and will innovate non-food uses for agricultural commodities and processing by-products.

A Strong Primary Agriculture Sector

The primary agriculture sector's strength will be realized through profitable, self-reliant, intergenerational farm family businesses. These businesses will be owned and managed by people who are knowledgeable and skilled, innovative, and responsive to changing customer demands.

Primary agriculture will be diversified, producing an array of commodities matched to customer needs. Much of the sector's output will be sold to processors and manufacturers. National and international commodity markets will continue to be supplied, ensuring price competition in local markets and adding to Canada's balance of trade.

A Well-Managed Environment

Long-term competitiveness will depend on the industry's ability to consistently supply wholesome, safe commodities and food products. It will be "smart business" for Alberta's farmers and processors to lead their competitors in responsible management of the environment. Leadership will be illustrated through activities such as ensuring the environmental cleanliness of operations and conserving the soil and water. New and improved environmental practices and technologies will be skillfully incorporated, and farmers and processors will establish standards which fully address issues such as food safety and animal welfare.

An Efficient Transportation System

Transportation is a vital link between input dealers, farmers, processors, and distributors within Alberta, and between Alberta suppliers and their customers. Ready access to supplies and markets increases the industry's ability to compete globally. In future, the industry will be serviced by an efficient, reliable, responsive intermodal (air, rail, road, and water) transportation system.

An Aggressive Pursuit of Knowledge and Skills

The industry will require leading edge technology, knowledge and skills to advance its competitive position. Research and technology transfer will be high priorities. Agriculture and food companies and associations, educational institutions, and governments will interactively interpret research results and transfer knowledge and skills to farmers, processors, marketers, and others. Industry sectors will stimulate market-driven research, and will invest heavily in activities which promise immediate paybacks. At the same time, public funds will be directed toward longer-term, higher-risk basic and applied research.

Agriculture and food businesses will be run by knowledgeable, highly skilled, creative people. They will possess up-to-date knowledge and well-honed production, business, marketing, financial, technological, and human relations skills.

A Consensus on Business Standards

The industry will subscribe to business standards which enhance its ability to gain an edge on global competitors. Leadership and co-operation based on values such as honesty, truth, commitment, consideration and fairness will reduce the aggregate cost of doing business and will strengthen working relationships. Even traditional competitors will combine resources through joint ventures and partnerships.

An Emphasis on Effective Communication

Effective communication of the industry's messages will be crucial. Worldwide awareness of Alberta's safe, wholesome, high quality foods and commodities, and the superiority of its agricultural services and technologies will increase consumer demand. Having a reputation as a reliable supplier will also encourage purchase from Alberta.

At home, effective communication networks between the industry, the media, and the Canadian public will be built. Exchange of balanced, accurate information will foster mutual understandings. The public will know more about farming and processing practices and will be aware that farmers and processors share their concerns about food safety, responsible environmental management, and the welfare of animals. Due to its new understanding and respect, the public will support the industry's endeavours to develop and prosper.

An Effective Partnership with Governments

Effective partnerships between the industry and municipal, provincial and national governments will result in the industry having more freedom to compete. Governments will facilitate the industry's long term growth and development goals and will avoid intervening in its day-to-day decisions. At the same time, governments will continue to provide infrastructure (including schools, research, technology transfer, and market services like inspection and grading). Wherever practical, the industry will be self-regulating and self-policing.

Betterment of governments' fiscal situations will result in more predictable interest and exchange rates. Tax systems will provide incentive for industry investment and growth.

Rewards of Reaching the Vision

People strive for their dreams because they expect to reap rewards or satisfy needs. By making the vision a reality, the industry could expect:

- ***sustained levels of profit***
- ***increased levels of employment***
- ***greater accumulations of wealth (net worth)***
- ***new entrants and investors***
- ***increased confidence and self-esteem***
- ***a good quality of life***

Pursuing a vision can also cost. Realization of the vision presented here may see some investments not pay off, some businesses fail, and some rural communities decline. Ultimately, the decision on whether or not to move into tomorrow will rest on which choice has the potential to reap the greatest net benefits.

> "It would be well to bear in mind that the present of today was the future of yesterday, and that it is what it is because of the human actions, the human decisions from yesterday. Therefore, the future will be what we make it."
>
> John W. Dafoe, Canadian journalist, 1936

Reaching for Tomorrow: Suggested Goals

Goals represent what needs to be achieved to bring a vision to reality. To reach the vision presented in this paper, Alberta's agriculture and food industry would pursue the following goals:

Goal 1. ***To increase the profitable production and sale of a diversity of food and non-food products, agricultural commodities, services and technologies.***

a) Food and Non-Food Products

Consumers' imaginations can be captured by linking Alberta's productive lands, clear skies, clean water, and snow-capped mountains to safe, wholesome foods and beverages. In continuing to develop and maintain a reputation for quality, food and beverage processors will need to adopt the highest food safety and quality standards and produce to those standards. Quickly designing the technologies needed to meet evolving demand for new and/or specialty products, and finding higher profit uses for processing by-products will benefit the sector. A current opportunity for further processing is to make animal by-products into pharmaceuticals. Significant opportunities also exist for the active development of products for niche and specialty markets where quality and innovativeness are most important.

Producing all types of value added products at competitive prices will challenge processors and manufacturers. They can locate near each other wherever interdependent and/or complementary activity yield net economic benefits and other synergies. Major processing and manufacturing companies can be attracted to Alberta to develop further processing activities and to diversify product lines. With a growing processing sector, food packaging and container manufacturers could also be enticed to establish in the province.

b) Agricultural Commodities

On the primary side, more markets can be opened for commodities such as potatoes, pulses, forages, forage seed, Canadian prairie spring wheats, peat moss and breeding animals. As well, by diversifying production in response to processors' and manufacturers' supply needs, farmers can create more local markets for themselves. Processors can take advantage of contracting directly with producers for commodities which meet specific market requirements (e.g., pork and beef raised to Japanese specifications).

Farmers can continue to integrate production of forages, feed grains, canola, peas, beef, pork, and poultry into interdependent systems. Integration increases use of crops on-farm, and the soil is improved by growing forages and peas. An example of integration is to replace imported soybean meal as a livestock feed with a meal made from locally-produced peas and canola. By applying new technologies, producers can enhance the salability of their commodities. For example, forage producers can continue to expand and diversify their markets by developing new products and product forms, and by better meeting market requirements on color, quality, drying and disinfection.

c) Services and Technologies

Alberta's agriculture and food industry already has highly developed services and technologies that are desired throughout the world. Examples include dairy and beef embryo transplant technology, meat processing methods, plant breeding technologies, and research and extension methodologies. More aggressive marketing of these services and technologies is required to increase returns.

Goal 2. ***To increase information sharing.***

All along Alberta's food chain, supply decisions will have to mesh with market demands. Alliances and partnerships will assist the transmission and receipt of information vital to meeting customer requirements and to creating worldwide awareness of the industry's products and services. One challenge will be to find ways of heightening the level and speed of exchanges.

To improve the public's understanding of the industry's actions on food safety, animal welfare, sustainable development, and other concerns, closer relationships will have to be built with the media. Companies, organizations, educational institutions, technology transfer agencies, and governments can continue to improve two-way communication with the media.

Goal 3. ***To develop a responsive, efficient, intermodal transportation system.***

In order to reach its potential, the agriculture and food industry in Alberta must be well served by the transportation system. For example, markets for specialty crops could be more easily accessed if a better container system were in place. A continuing challenge for transporters and handlers is to increase efficiency in moving their commodities and products.

Goal 4. ***To attract capital and labour.***

A current advantage is that domestic and foreign equity sources are looking to Alberta as a safe haven. Increased investment from these sources can enhance the primary and processing sectors. However, it will be a challenge to create ways to use outside investment while ensuring that farm families retain majority ownership and control of their businesses. Innovative methods of intergenerational transfer will keep families on their farms.

The processing and retailing sectors will be challenged to pay wages and benefits that are competitive with other domestic industries. They will also need to step up labour productivity and minimize costs resulting from labour disputes.

Goal 5. ***To sustain a long term natural resource base.***

The primary and processing sectors can immediately employ existing knowledge to improve the quality of Alberta's soil, water, and air. In the longer term, a greater number of economical technologies will need to be discovered.

Goal 6. ***To generate and apply leading edge knowledge and skills.***

Across the industry, productivity and efficiency can be stimulated through the application of knowledge and skills. Technological advantages can be increased by better utilizing research and development infrastructure such as the Food Processing Development Centre, the Farm Machinery Research Centre, and the Special Crops and Horticultural Research Center. Federal research stations and private facilities also offer avenues to the leading edge. New uses for existing technology, new products and processes, and advances in biotechnology can well-serve Alberta's competitiveness. Attracting the best scientific minds to the province will be a necessity, while other challenges involve increasing industry investment in research and development, maintaining current levels of government funding, and getting funding directed to market-driven research.

Educational institutions and technology transfer agencies must respond to the industry's guidelines on ever-changing knowledge and skill needs, yet are challenged to identify innovative and effective ways to transfer new and existing knowledge and skills.

Goal 7. ***To create a policy environment conducive to industry-generated growth and development.***

A policy environment conducive to industry-generated growth and development is one that does not distort market signals nor impede the industry's ability to compete for markets. In light of changing market and industry structure, evolving trade agreements, and fiscal restraint, it is more important than ever that governments and the industry work hand-in-hand.

The federal and provincial governments serve as negotiators in the resolution of trade subsidy and protection problems. Opportunities exist for them to level the playing field and increase industry competitiveness and self-reliance while maintaining the public good. The current multilateral negotiations within the General Agreement on Tariffs and Trade (GATT) and negotiations on a North American Free Trade Agreement (NAFTA) provide chances for the nation's governments to influence global trading rules. As well, the proposed GATT "green" classification can be used as the basis for redirecting government funding from direct producer payments to research and development, extension and education, and market development. Also, by basing farm income support programs on something other than quantity of commodity produced, negative impacts on the prices of commodities and resources can be reduced.

The provincial and federal governments are challenged to deliver effective programs under increasing fiscal restraint. They can, however, reduce

programming that works at cross-purposes to industry goals and they can stop owning corporations that compete with the private sector.

Reform of legislation, regulations, and administrative procedures will reduce the industry's costs of doing business and thereby improve its competitiveness. The industry can work with governments to eliminate redundant legislation, regulation, and bylaws; to minimize regulatory impacts on market prices; and to increase the industry's freedom to innovate and adopt new technology.

The above changes will not be welcomed by all. It will be important for governments to assist industry adjustment in ways which minimize immediate financial losses yet leave the road open for those who wish to strive toward "creating tomorrow."

The Last Word is Yours

Between June and September, public consultation meetings on "Creating Tomorrow" will be held around the province. Watch your local newspaper, tune in to farm shows, or call the Planning Secretariat to find out where and when the meeting in your region will be held.

At the meeting, you will learn more about the vision and what it means. The workshop format will provide a forum for discussion and debate about whether the vision is indeed shared by most in the industry and whether the right goals have been set. Feedback from written submissions and the meetings will be incorporated into a revised vision document which will serve as the basis for a late fall industry/government strategy planning conference.

Your ideas are important. Please take the time to fill out and mail the form enclosed with this booklet, or plan to attend one of the consultation meetings.

Please address your written responses and requests for more copies of "Creating Tomorrow" to:

CREATING TOMORROW
Planning Secretariat
#301 Alberta Agriculture
7000 - 113 Street
Edmonton, Alberta
T6H 5T6

or call 427-2417 and ask for Ken Beswick, Gerry Parlby, or Evelyn Shapka.

Appendix A

Participants in the Visioning Process

Industry Advisory Board

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Jim Bell, Alberta Food Processors Association

Lance Carnine, Alberta Cattle Feeders' Association

George Deegan, Alberta Food Marketing Advisory Committee

Pat Durnin, Western Canadian Wheat Growers' Association

Roger King, Alberta Poultry Council

Brian Kriz, Alberta Barley Commission

Al Muchka, Alberta Canola Commission

Bob O'Brien, Feeders' Association of Alberta

John Pearson, Alberta Wheat Pool

Ken Rempel, Alberta Pork Producers' Development Corporation

Dale Schaffrick, Alberta Forage Council

George Schepp, Alberta Cattle Commission

Peter Schuld, Alberta Milk Producers' Society

Alberta Agriculture Staff

Strategic Management Committee

Ken Beswick, Planning Secretariat

Ralph Christian, Research Division

Chris Davidson, Personnel Services Division

Dennis Glover, Processing Services Division

John Knapp, Field Services (Barrhead)

Don Macyk, Plant Industry Division

John Tackaberry, Rural Services Division

Other Department Participants

Bob Splane, Alberta Agricultural Development Corporation

Appendix B

Summary of Trends, Industry Strengths and Weaknesses

Trends

The Industry Advisory Group and the Strategic Management Committee examined over 250 trends quoted or paraphrased from a variety of magazines and newspapers, government and industry organization reports, consultants' studies, and the like. From those trends, they selected the following as having the greatest impact on the future of individual sectors and Alberta's agriculture and food industry as a whole:

Tremendous changes are sweeping across the world of business — intellectual competition, sustainable development, trade liberalization, technological innovation.

There is a widespread trend towards greater trade liberalization (e.g., GATT, EC-92, CUSTA).

There is a trend toward global trading blocs (e.g., EC-92, NAFTA). The growth in regional trading blocs is occurring primarily for trade security purposes.

Canada's commodity exports [from natural resource-based industries] are facing declining demand and growing competition in world markets. The result has been a gradual erosion in the value of Canada's commodities over the past 15 years (down 25 per cent between 1972 and 1990). This trend shows no signs of reversing in the long term.

While Canada's economic performance in the past has been strong, there are growing signs that the country's economic prosperity is at risk. The historical model of relying on resource extraction and commodity exports for growth and development may no longer be relevant. This is evidenced by the following: the erosion of commodity prices, declining productivity, technological deficits, availability of suitably trained human resources, and a questionable commitment to science and technology.

Worldwide, overall demand for agricultural commodities is expected to grow slowly. Demand for "alternative" or "new" food products will increase at a much faster rate; however, consumer preferences are expected to continue changing and this volatility in demand will pose significant challenges to the industry.

Tariffs are only one inhibitor of trade. Both Canada and the U.S. are using their grading, labelling, processing and marketing standards to erect a regulatory barrier to the flow of goods.

Although Alberta is well positioned to serve the U.S. west coast, border inspection problems, grade equivalency and price disparity issues inhibit full penetration of beef and beef products into that market.

In some cases, regulatory systems are being changed to conform to international markets, thus facilitating trade. For example, the Canadian beef grading system is in the process of incorporating marbling indicators which are believed to be important to the U.S. and Japanese markets.

The Canada-U.S. Free Trade Agreement is recognized as having benefited agricultural producers and processors by providing them with greater security of access to the vital

American market. As well, under the auspices of the Agreement, the two countries are working to harmonize standards to increase competitiveness on a global scale.

The Canada-U.S. Free Trade Agreement is expected to directly affect consumer purchases. As tariffs are phased out by January 1, 1998, a wider array of consumer goods are expected to vie for space on Canadian and American food store shelves and restaurants, creating new opportunities for firms with specialized food and beverage products.

Alberta's agriculture and food industry has a small domestic market which features only modest growth, particularly in relation to the capacity of the industry.

Alberta's grain sales continue to be subject to the subsidy-driven price levels of major competitors. Export subsidy policies continue to distort the operation of market forces in our grains industry.

There is a worldwide trend toward the rapid development and flow of information and technology.

Canada's expenditures on research and development are less than half of most of its trading partners.

Technology development projects can sometimes be too far-reaching, risky and expensive for any one firm to handle. In some countries, industry consortia are being formed to tackle technology development problems. In Alberta, universities and industry have sometimes collaborated in research and development efforts.

Public research budgets are under increasing pressure to reduce funding because of overall fiscal deficits and increasing debt.

Environmentalists and animal welfare and animal rights groups are increasing public sensitivity to research methods.

There is a growing awareness of the environmental risks associated with unrestricted economic development, and this extends to agricultural development and practices.

Increases in ethnic populations in North America are creating a demand for new foods and new food services and technology.

North American demand has traditionally been linked to social and economic factors such as age and income. However, new attributes and preferences which cross all age and income categories are beginning to exert influence on demand. These preferences include: demand for higher quality, healthier foods; demand for variety in foods; demand for convenience and service; demand for food safety.

The Japanese, too, are worried about health and food safety and are demanding quality and freshness. They are looking for more convenience, and, with growing affluence, are interested in a more varied selection of food products.

Japanese food consumption patterns seem to be evolving along the same lines as those in North America.

People over 50 now make up 25 per cent of Canada's population, but they control about 55 per cent of discretionary spending power.

Female participation in the workforce continues to increase. This puts pressure on discretionary time for shopping and food preparation, increasing the demand for prepared dishes and takeout foods.

The "greying society" is demanding smaller packages, healthier foods and nutritional information on labels.

Consumers are demanding environmentally friendly packaging and want food safety concerns to be addressed (pesticides, residues, chemicals, tampering). They want more information (nutritional labelling) and "healthy" foods. North American retailers are responding by hiring staff who specialize in nutritional and environmental concerns.

In North America, the consumption of fresh vegetables has gone up by about a third in the last decade.

Since 1987, North American per capita consumption of beef has declined slightly, and is expected to continue. Per capita pork consumption is also experiencing a decrease while poultry consumption is up, with tremendous gains over the last five years.

Two per cent milk accounts for two-thirds of fluid milk consumption and is still growing. Skim milk, although accounting for less than 4 per cent of our milk intake, has seen extraordinary increases.

Since pizza sales are on the upswing, mozzarella has become the heart of the variety cheese business.

The beef sector is moving toward more centralized, service-oriented processing facilities which can comply with customer specifications and which can add value to the commodity through further processing.

There have been many buyouts and consolidations in the North American food industry. Retail space is tightly monitored and is referred to as "rental space" by food processors. Further restructuring is expected by the year 2000 and predictions are that half of today's retail operations will have left the game by then (too much retail space chasing too few consumer dollars).

The viability of agri-business firms is directly dependent on the viability of the primary agriculture sector.

Competitiveness of truck vis-a-vis rail transport will continue to increase due to technological development and more generous limits on weights and dimensions.

Lenders have become more vigilant in their credit analysis; borrowers have become conservative in terms of their requests.

The perceived increased risk for new entrants will be translated into either high cost debt or shorter term financing. Commercial lenders continue to view agriculture as an industry that needs help. Without a method for sharing the risk, they will demand interest premiums from clients defined as having high risk loans.

There is a move toward income stabilization rather than price stabilization and income assistance.

During the period 1943 to 1974, the federal government's finances were roughly in balance. Since the mid-1970s, however, Canada has incurred large and persistent annual deficits.

The ability, or at least the willingness, of the public to continue financial assistance to agriculture is doubtful.

Industry Strengths and Weaknesses

Strengths

Alberta's agriculture and food industry has:

- *the capability to respond to consumer needs*
- *safe, healthy food products and disease-free commodities*
- *a variety of income-earning options*
- *a growing processing sector that provides a domestic market for agricultural commodities*
- *independent entrepreneurial farm family businesses*
- *the ability to compete successfully in international commodity markets*
- *forage and feed grain production which complement dairy, red meat, poultry and egg production; sugarbeet and brewery by-products which complement livestock production; flowering forage crops which complement honey production*
- *an excellent supply of feed grains and forages*
- *high quality animal, poultry and plant gene pools*
- *an abundant, varied natural resource base that can be used to produce a wide variety of commodities*
- *skilled, motivated people*
- *readily available sources of debt capital*
- *well-developed transport, shipping, energy, health and education services*
- *a supportive education, research and technology transfer system*
- *federal and provincial governments' response to income instability*
- *governments that are responsive to industry concerns*
- *many organizations speaking on behalf of the industry's interests*

Weaknesses

Alberta's agriculture and food industry cannot fully realize its potential because:

- *domestic market size limits efficiency in food processing and manufacturing*
- *the industry is located away from large population centers*
- *federal transportation policy discourages value added activity*
- *a major portion of farm production is purchased by buyers in export markets*
- *our climate limits industry productivity and efficiency*
- *some farms are unable to maintain competitiveness*
- *technical training is not fully meeting the needs of primary agriculture*
- *primary agriculture is dependent on internally generated long term capital*
- *high labour costs reduce industry competitiveness*
- *public and private investment in research and technology transfer is low*
- *the public does not have a positive image of primary agriculture*
- *the industry lacks a consensus on its future direction*

- *current international and domestic trade rules permit an uneven playing field*
- *government policy and programs are not responsive to the long-term needs of the industry*
- *federal/provincial/municipal taxation systems do not reward industry investment and growth*
- *excessive government regulation reduces industry competitiveness*
- *the industry's ability to meet its environmental responsibilities is constrained by government programs and regulations*